



Islands Trust



Islands Trust
Annual Report
2004-2005

Preserving **Island** communities, culture and environment

Islands Trust **Annual Report** 2004 - 2005

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Message from the Islands Trust Council Chair

It has been a busy year for the Islands Trust Council, Local Trust Committees and the Islands Trust staff. I would like to focus on our achievements that will have long-term implications for island communities.

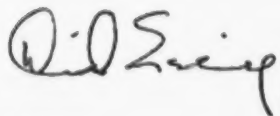
The Islands Trust has been responsible for land use planning on the Gulf Islands in the Island Trust area for 30 years. After hearing from island constituents that there is a need for more provincial cooperation and new tools to deliver our mandate more effectively, the Islands Trust initiated proposals for changes to relevant legislation and provincial programs; these are aimed at strengthening our mandate to preserve and protect the islands.

Results of a public opinion poll conducted in December 2004 indicated strong support province-wide for preserving and protecting British Columbia's Gulf Islands. In February 2005, the Islands Trust announced that it wanted to hear people's opinions about the proposed changes before going forward to the provincial government. Trust Council wanted to provide an opportunity for people to learn more, to discuss their hopes and concerns and to participate in identifying tools for development management in the Trust Area. More than 90% of the respondents at the public forum in late February agreed with the proposed changes. Subsequently, the Islands Trust Council adopted the changes at its March 2005 council meeting. The Islands Trust will be submitting a request for legislative changes later in 2005.

Please remember that participation and input by residents is not limited to special initiatives. Regular meetings of local trust committees and Trust Council are open to the public and formal presentations to Trust Council are scheduled at each meeting. In 2004-2005, thirty-eight delegations made formal presentations to the Islands Trust Council. Community members can also participate in a town hall session, a regular forum to promote informal dialogue between islanders and trustees. Many residents and property owners get directly involved with the Islands Trust by becoming members of advisory committees and commissions.

In January of 2005, we officially launched the Natural Area Protection Tax Exemption Program (NAPTEP). In support of the Islands Trust's mandate to "preserve and protect the area and its environment for the benefit of residents and the province", the Islands Trust and the Islands Trust Fund worked with the provincial government for some years to achieve the implementation of a unique tax incentive program supporting conservation on private land. We look forward to witnessing the impact of this unique and innovative program for years to come.

We have accomplished much during this past year due to the efforts of our local trustees, staff and the involvement of our constituents. Thank you.



David Essig
Chair, Islands Trust Council

Message from the Islands Trust Fund Board Chair

The year 2004-2005 was an exciting year for the Trust Fund Board. I am inspired by the projects and initiatives that the Islands Trust Fund has undertaken and by our plans for the future. The portfolio of properties protected by the Islands Trust Fund has continued to grow and diversify. At the same time, the Board has begun to develop a regional approach for planning future conservation projects in the Islands Trust Area.

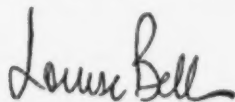
During the past year, two new properties totaling 43 hectares were acquired on Gambier Island – the Brigade Bay Bluffs Nature Reserve and the Long Bay Wetland Nature Reserve. The donation and protection of these properties involved an inspiring collaborative community process, which reflects the dedication and enthusiasm of Gambier landowners and serves as a model for community dialogue. In addition, the Islands Trust Fund achieved a protected area on Thetis Island with the donation of the Meadow Valley conservation covenant. The successes on these two islands have allowed the Trust Fund Board to achieve a long-held goal of protecting lands in the Gambier Island Local Trust Area and the Thetis Island Local Trust Area.

As of March 2005, the Trust Fund Board owned 15 nature reserves and held 38 conservation covenants. These protected lands are distributed across 12 of the 13 local trust areas. In all, the Trust Fund Board protects 633 hectares of ecologically sensitive land.

Islands Trust Fund staff have demonstrated outstanding leadership in drafting the first Islands Trust Fund Regional Conservation Plan. Once completed, the Regional Conservation Plan will identify areas of high conservation value, set priorities for long-term protection, and identify tools and partners available to preserve these areas. The document will determine a five-year work plan for the Islands Trust Fund and set out measurable goals and evaluation processes.

Finally, I am pleased to announce the official launch of the Natural Area Protection Tax Exemption Program in the local trust areas within the Capital Regional District and the Sunshine Coast Regional District. As the only property tax incentive program of its kind in Canada, the program demonstrates ingenuity and forward thinking. With four applications already received in early 2005 and plans underway to expand the program to other local trust areas, I am confident that the Natural Area Protection Tax Exemption Program will bring a new level of conservation and ecosystem protection to the Islands Trust Area.

As exciting as this year has been, the Trust Fund Board anticipates further successes for the Islands Trust Fund in the near future. On behalf of the Board, I thank the landowners, donors, partners and islanders whose dedication and vision are fundamental to the success of the Islands Trust Fund and to ecosystem protection in this very special area of British Columbia. It has been a great pleasure to chair the Trust Fund Board for the past six years. I wish to thank the various members of the Board for their good work over these years and, in particular, the staff of the Islands Trust Fund, without whom these many accomplishments would not have happened.



Louise Bell
Chair, Trust Fund Board

Message from the Chief Administrative Officer

The year 2004-2005 was filled with ambitious initiatives designed to move the Islands Trust forward and strengthen its ability to serve island communities according to its mandate to "preserve and protect the Trust Area and its unique amenities and environment."

In April 2004, the Islands Trust released summary reports for its 'Measuring Our Progress' program, a sustainability indicator project established to provide an objective way of measuring the impact of our efforts. The program's purpose is to collect and analyze data about environmental, social, economic and governance topics of significance to communities in the Trust Area.

Using data from a variety of sources, including the 2001 census, the reports indicate success in the area of protection of the natural environment with an increase in protected areas and good green space retention, compared to nearby areas. In terms of the islands' social character, a profile of well-educated residents who live in safe communities and are actively involved in their communities emerges from the data. The numbers further indicate a high rate of self-employment and low dependency on primary industries such as forestry and fishing, making Islands Trust Area economies relatively diversified and stable. On the other hand, the reports showed income levels below the provincial average and confirmed growing concerns about housing affordability. Of some concern is the very extensive and expensive road network on many islands, a result of residents' preference for low-density development.

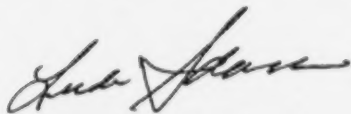
Tracking and measuring data gives us the means to better define success and sustainability, to hold meaningful discussion about priorities, and to focus actions and resources where they will do the most good.

Staff Appointments

During 2004-2005, Craig Elder, Certified Management Accountant, accepted the position of Director of Administrative Services and Treasurer for the Islands Trust, replacing Doug Levell. Lisa Dunn joined the Islands Trust as Manager of the Islands Trust Fund. Laura Stringer was hired to the Trust Area Services Team as the organization's first Communications Specialist.

Alison Fox joined the Local Planning Services team as a part-time planner in the Salt Spring office and Coralie Breen joined the team as a part-time planner in the Northern Office. A new full-time planner, Cathy McNamara, replaced Mark Head in our Salt Spring Island office.

After 30 years of serving island residents, British Columbians continue to show strong support for our mandate to preserve and protect the unique amenities and environment of British Columbia's Gulf Islands, as was borne out by an Ipsos Reid opinion poll conducted in early 2004. I am confident that the progress we made on key areas during the past year has positioned us to pursue our goals with even greater effectiveness.



Linda Adams
Chief Administrative Officer

The Islands Trust Area



The Trust Area covers the islands and waters between the British Columbia mainland and southern Vancouver Island, including Howe Sound and as far north as Comox, with the exception of Texada Island. It is approximately 5200 square kilometres (2000 square miles) in size and has a resident population of approximately 23,000.

Located in the Strait of Georgia and Howe Sound, the Trust Area is a unique and special place – a scenic archipelago of 13 larger islands and more than 450 smaller ones. The area provides habitats for an exceptional variety of species: more than 200 types of migratory and resident birds, numerous species of fish and diverse marine and inter-tidal life, terrestrial wildlife and vegetation. Outstanding scenery and recreational resources include panoramic viewpoints, sheltered bays, protected marine waterways and anchorages that contribute to the location's beauty, appeal and tranquility.

The unique natural environment of the islands in the Strait of Georgia and Howe Sound has given the area national recognition. Realizing this, the government of British Columbia enacted special protective legislation entitled the *Islands Trust Act* in 1974. The *Act* states that the object of the Islands Trust is to "preserve and protect the Trust Area and its unique amenities and environment for the benefit of the residents of the Trust Area and of British Columbia generally, in cooperation with the municipalities, regional districts, improvement districts, other persons and organizations, and the government of British Columbia".

Organization & Responsibilities

The trust is a unique federation of independent local governments, including Bowen Island municipality, which plan land use and regulates development in the trust area. Like other communities in British Columbia, island communities elect their local representatives every three years.

There are two local trustees elected for each group of islands designated a local trust area or island municipality. Together, with an appointed chair from the Executive Committee, local trustees are responsible for land use decisions within their respective local trust area, excluding First Nation reserves. The Islands Trust Area is comprised of 12 local trust areas and one island municipality. Each local trust committee has land use jurisdiction over a major island, plus smaller islands and surrounding waters. This organizational structure ensures that land use decisions are made by the locally elected people who are part of each island community.

The Islands Trust is comprised of sixteen distinct corporate entities—Trust Council, Executive Committee, thirteen local trust committees, and the Trust Fund Board. Bowen Island Municipality is also located within the Islands Trust Area. Two municipal trustees represent the Bowen Island Municipal Council on Trust Council. The Bowen Island Municipal Council has responsibilities related to the Islands Trust Act.

The Islands Trust Council

The twenty-six member Trust Council establishes general policies for carrying out the object of the Islands Trust and is responsible for the financial management of the Islands Trust except for the Trust Fund. It provides an operational budget to the Islands Trust Fund. The Trust Council appoints staff and auditors and adopts an annual budget. Tax levies on properties within the Trust Area are the primary funding source for the operations of the Islands Trust, along with a Provincial grant and development application fees.

The Islands Trust Act requires Trust Council to implement a Trust Policy Statement that is applicable to the whole Trust Area. The Minister of Community, Aboriginal and Women's Services must approve the Policy Statement before it is adopted. The Policy Statement clarifies the positions and policies of the Islands Trust and provides guidance for other jurisdictions and governments with authority in the Trust Area for the formulation of policies, bylaws and plans that carry out the object of the Islands Trust. The Policy Statement guides the more specific plans and policies that are developed at the local level and ensures that those plans contribute to the implementation of the broader policies for the overall Trust Area.

Trust Council has three standing committees of trustees—Local Planning Committee, Trust Programs Committee, and Financial Planning Committee—to provide policy advice to Trust Council on Council's referrals and on committee initiatives. To receive minutes from Trust Council meeting held during 2003-2004, please contact the Islands Trust's Deputy Secretary at the Victoria office.

Executive Committee

The Executive Committee is comprised of the Chair of the Islands Trust Council and three Vice-Chairs, who are elected for three-year terms by Trust Council from among its members. It carries out the daily business of the Islands Trust and reviews the bylaws of Local Trust Committees to ensure compliance with the Islands Trust object and Policy Statement. The Executive Committee also acts as a Local Trust Committee for that part of the Trust Area that is not included within any other Local Trust Area or Island Municipality.

Executive Committee Members 2004-2005

David Essig, Chair (Thetis)
Kim Benson, Vice-Chair (Keats/Gambier)
Gisele Rudischer, Vice-Chair (Gabriola)
Tony Law, Vice-Chair (Hornby) (Appointed September 2004)
Wayne Wright (North Pender) (Resigned August 2004)

Local Trust Committees/Island Municipalities

A local trust committee exists for each group of islands designated as a local trust area under the *Islands Trust Act*, except for Bowen Island, which is an island municipality.

Each Local Trust Committee has three members — two locally elected trustees and one Executive Committee member, who serves as Chair. A Local Trust Committee is responsible for land use planning and regulation for its area of jurisdiction. Its responsibilities include preparation and adoption of Official Community Plans, Land Use Bylaws, zoning and subdivision bylaws, regulation of soil removal and deposit, and authorization of permits under Part 26 of the Local Government Act.

The Bowen Island Municipality is served by a seven-member Council which holds broad municipal powers including land use planning. The community elects two of the municipal councilors to Trust Council.

Local Trust Committees must submit their bylaws to the Executive Committee for approval before adoption. Island Municipalities must submit Official Community Plan bylaws to the Executive Committee before adoption. The Executive Committee also considers Island Municipality bylaws that refer to matters included in the Islands Trust Policy Statement. The Islands Trust Act and municipal letters patent establish procedures should the Executive Committee not approve a bylaw or consider it at variance to the Policy Statement.

Trustees of the Islands Trust 2004-2005

Bowen

Alison Morse
Doug Bowen (Resigned October 2004)
Peter Frinton (Elected December 2004)

Denman

Tom Babb
Louise Bell

Gabriola

Sheila Malcolmson
Gisele Rudischer

Galiano

Louise Decario
Shelia Anderson

Gambier

Bob Gibson
Kim Benson

Hornby

Tony Law
Penny Griggs (Resigned November 2004)
Eleanor Kneffel (Elected February 2005)

Lasqueti

Rose Willow
Bronwyn Preece

Mayne

Rose Bennett
Jeanine Dodds

North Pender

Em Round
Wayne Wright (Resigned August 2004)
Gary Steeves (Elected November 2004)

Salt Spring

Eric Booth
Kimberly Lineger

Saturna

Tom Johnstone
Brian Hollingshead

South Pender

John Henshaw
Alma Lightbody

Thetis

David Essig
Gail O'Hara

Trust Fund Board

The Board of Trustees for the Islands Trust Fund is comprised of two trustees elected by Trust Council, one trustee appointed by the Executive Committee and up to three people appointed by the Minister of Community, Aboriginal and Women's Services for terms of one to three years. The Islands Trust Fund is a conservation land trust that can acquire and manage land for conservation, hold conservation covenants on private land and accept donations to help preserve places of natural significance or cultural value within the Trust Area.

Every five years, the Trust Fund Board prepares a Trust Fund Plan for approval by the Minister of Community, Aboriginal and Women's Services. The plan establishes policies regarding the operations of the Islands Trust Fund.

Donations to the Islands Trust Fund help preserve and protect special places in the Trust Area. The Islands Trust Fund provides tax receipts for such gifts.

Trust Fund Board Members 2004-2005

Louise Bell, Chairperson (December 1998 – present)

Kim Benson, Gambier Island (December 1999 – present)

Tony Law, Hornby Island (December 1996 – present)

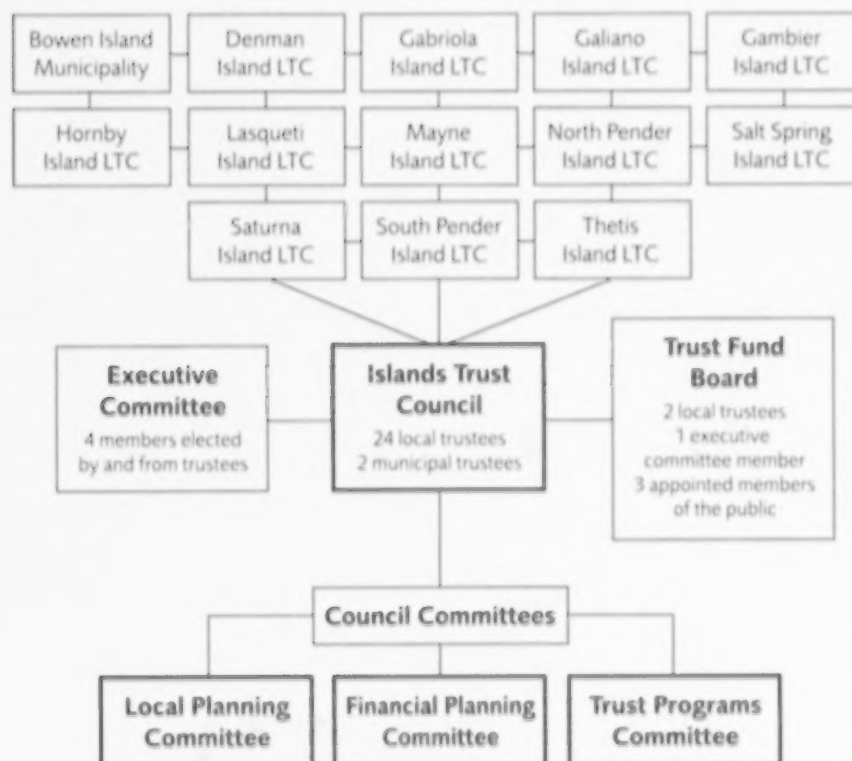
David Borrowman, Salt Spring Island (Appointed member, March 2004 – present)

Marie Potvin, Victoria (Appointed member, March 2004 – present)

Bruce Whittington, Ladysmith (Appointed member, March 2004 – present)

Islands Trust Legislative Structure

Local Trust Committees and Island Municipalities



Annual Report 2004 – 2005

Accomplishments

Islands Trust Area Highlights

Governance

Opinion Poll Indicates Strong support for Preserving and Protecting the Gulf Islands

The Islands Trust has been responsible for land use planning on the Gulf Islands in the trust area for 30 years and Trust Council saw a need to measure public opinion of our mandate to preserve and protect the islands. The results of a public opinion survey conducted in December 2004 indicated strong support province-wide for preserving and protecting British Columbia's Gulf Islands.

Key findings are:

More than 90% of respondents agree that BC's Gulf Islands are a special part of British Columbia and that tourism in the Gulf Islands should be managed to protect the islands' unique environment;
Almost 90% agree that the BC Government should ensure that Gulf Islands are preserved and protected for all British Columbians and that the islands should be protected from overdevelopment;
Almost 80% agree that clear-cut logging in the Gulf Islands should not be allowed;
More than three quarters agree that large industrial developments should not be allowed in the Gulf Islands;

Nearly 70% agree that mining in the Gulf Islands should not be allowed;

63% agree that fish farms in the Gulf Island waters should not be allowed; and,

Almost 60% agree that large tourist developments should not be allowed in the Gulf Islands.

The poll was commissioned by the Islands Trust and conducted by Ipsos Reid. The poll has a margin of error of plus or minus 3.5 %, 19 times out of 20 on the total sample of 800 British Columbians. An additional sub-sample of 100 residents living in the Gulf Islands was also surveyed.

Islands Trust Community Forum

In February 2005, the Islands Trust hosted a community forum on the Islands Trust Area in Nanaimo. There had been a great deal of interest by islanders in managing development in the Gulf Islands within the trust area and Trust Council wanted to provide an opportunity for people to learn more, to discuss their hopes and concerns and to participate in identifying tools for development management in the Trust Area. The council hosted the public forum to promote dialogue about development in the trust area, enhance understanding of the Island Trust's role in the Gulf Islands and to look at potential solutions.

Natural Areas Protection Tax Exemption Program

Early in 2005, the Islands Trust and the Islands Trust Fund launched the Natural Area Protection Tax Exemption Program (NAPTEP). Island landowners in the Sunshine Coast Regional District and the Capital Regional District who permanently protect natural features of their land through a conservation covenant can receive a 65% exemption in property taxes on the protected portion of their land.

Gambier Island Trustee and Trust Fund Board member Kim Benson conceived the idea of the initiative in the early 1990s, recognizing that increasing property values and escalating property taxes created a financial incentive to develop land and discouraged or prevented landowners from making conservation of the natural features of their properties a priority.

The Islands Trust worked with the provincial government to add provisions for NAPTEP to the Islands Trust Act in 2000 and the Provincial Regulations in 2002, allowing the Islands Trust Fund to pilot the program in the Gambier Island Local Trust Area in 2003-2004. The Islands Trust Fund utilized feedback from the pilot program to improve the program before launching the official program in the Capital Regional District in January 2005. From January to the beginning of March 2005, Islands Trust Fund staff hosted community workshops on Galiano, Gambier, Mayne, North Pender, Salt Spring and Saturna Islands, offering to waive application fees for the first five applicants.

As of April 1, 2005, the Islands Trust Fund had received four applications from landowners on Salt Spring Island. Trust Council will consider the applications at its June meeting and, if all program requirements are met, applicants who register their conservation covenants by the end of October will receive a property tax reduction in 2006.

2004 Community Stewardship Awards Recipients

The Community Stewardship Award program recognizes individuals and organizations for significant contribution towards the object of the Islands Trust. Nine nominations were considered based on the significance of purpose, the level of innovation, the impact on the community or the Trust Area, and the degree to which the project relates to the object of the Island Trust.

The Islands Trust Council announced the winners of the third annual Community Stewardship Awards on Friday, September 17, 2004 during its quarterly meeting on Bowen Island.

- **Island Stream and Salmon Enhancement Society** for their watershed and stream restoration work, primarily on Salt Spring Island
- **Salt Spring Island Residents for Responsible Land Use** for their work in the preservation of Walker Hook
- **Ken Millard** of Galiano Island for his ongoing work as the Director of the Galiano Conservancy
- **Tom Gossett** of Salt Spring Island for many years of work for watershed protection.

Vacant Crown Land Profiles for the Northern Gulf Islands

The Islands Trust completed profiles of vacant Crown lands on Denman and Hornby Islands and posted them on its website for use by the public. The profiles are the first in a series that will collate information about Crown land parcels in the Trust Area.

Islanders are always interested in the Crown lands on their island and have important local knowledge that needs to be recorded. The Crown land profiling project is a way of collecting all this information in one place. The information will be useful in discussions about the way that Crown land should be used.

Trust staff began working on profiles for Lasqueti and Galiano Island, with profiles for other islands, including Salt Spring and Bowen to follow. The Vacant Crown Land Profiles for Denman and Hornby Islands are available on the Islands Trust website at www.islandstrust.bc.ca under Trust Area Mapping.

Planning for the Gulf Islands National Park Reserve

In fulfillment of an agreement made during establishment of the Gulf Islands National Park Reserve, Parks Canada provided the Islands Trust with funds to assist island communities with land use

planning in response to the new national park reserve. The Islands Trust received a grant of \$30,000.00 from Parks Canada to assist this process.

Local Planning Highlights

Model Soil Removal and Deposit Bylaw Finalized

In response to concerns on several islands about rock and gravel quarries in residential neighbourhoods, Trust Council finalized a model Soil Removal and Deposit Bylaw for use by local governments in the Trust Area. While local governments in BC cannot prohibit quarries, they can regulate some of the associated activities in order to manage impacts on neighbouring properties or environmentally sensitive areas. The Soil Removal and Deposit Bylaw would apply to the removal and deposit of a number of materials, including soil, sand, gravel and rock. Such bylaws require individuals to obtain a permit prior to removing or depositing a significant quantity of soil, gravel or rock on any property. The local government can identify permit conditions to address topics such as noise, traffic or impacts on the natural environment. It will be up to each local government in the Trust Area to determine whether it wishes to adopt a Soil Removal and Deposit Bylaw for its community. At this point, the Salt Spring Island Local Trust Committee has requested its planning staff to prepare such a bylaw for the Salt Spring Island Local Trust Area.

Executive Committee

Legal

Court Upholds Forest Conservation Covenant

Early in 2005, a judgement in the Supreme Court of British Columbia confirmed that a forest conservation covenant held by the Galiano Island Local Trust Committee and registered against 20 parcels of land on Galiano Island would remain in place. The covenant affects land on the east side of Galiano Island and calls for the preservation of evergreen trees to maintain a buffer between the road and forested areas and to maintain a treed area for a public right-of-way trail. While an earlier court case resulted in changed zoning, the judgement indicates that the original purpose has not been substantially altered by that change. This was an important case for the Islands Trust because it demonstrates the legal strength and durability of conservation covenants on private land. The Court's reasons for judgement can be read at <http://www.courts.gov.bc.ca/jdb-txt/sc/04/17/2004bcsc1754.htm>.

Trust Goes to Court over Tree Cutting

The Islands Trust also began action against a landowner who removed trees in a forest buffer without first obtaining a development permit. The trust sought various orders through the court, including injunctions and an order to replant. This case is significant because it is a test of the trust's ability to protect the environment using development permits as a tool. The Islands Trust went to court in late January and no decision has been made as of March 31, 2005.

Advocacy

In response to concerns raised by communities through their locally elected trustees, Trust council passed several resolutions. Highlights are:

December 2004:

Genetically Modified Organisms

At its quarterly meeting in December, Trust Council moved to support the avoidance of genetically engineered crops in the Islands Trust Area. By taking a position on this topic, Council intends to state its concern about such crops and support those who wish to ensure that seed supplies remain in the public domain. Like other local governments, local trust committees and island municipalities in the Trust Area do not have the authority to ban genetically modified organisms.

Elimination of Non-Essential Pesticide Use

That the Islands Trust Council request the Chair to write a letter on behalf of Council to the Capital Regional District Roundtable on the Environment that states Council's support of the program for short-term reduction and long-term elimination of non-essential pesticide use, including the part of the CRD that is within the Islands Trust Area.

Faster Response to Bylaw Violations Concerning Ecological Issues—Request for Decision

That Islands Trust Council amend its Bylaw Enforcement Policies by adding a new policy 5.5.i, C.7 as attached and by renumbering in sequence the policies that follow.

This amendment provides a policy directive to Bylaw Enforcement Officers to act immediately and without receiving a complaint when observing a bylaw violation, the consequences of which may threaten natural ecosystems as referred to in Section 3.3.1 of the Islands Trust Policy Statement.

March 2005:

BC Ferries

That the Islands Trust Council request the Executive Committee to ensure that its regular annual meeting with the British Columbia Ferry Services Inc. (BC Ferries) management and Board members, the Ministry of Transportation and the Ferry Commissioner is held in preparation for the next performance term of the Coastal Ferry Service Contract and is used to discuss the maintenance of adequate service fees and service levels for ferry routes serving the islands in the Trust Area and to address other issues related to ferry service in the Trust Area.

Water – Protecting Quality and Quantity

Council unanimously approved a resolution recommending that local bylaws about proof of water quality and quantity when land is subdivided should be consistent with the 'Best Management Practices' to protect water supplies as recommended by the Ministry of Water, Land and Air Protection. Council also recommended that local trust committees include a reference to water potability in local bylaws. Potable water is defined as "water that meets the standards prescribed in the Drinking Water Protection Regulation" under the Drinking Water Protection Act.

Input into the Provincial Meat Inspection Regulation

David Essig, Chair of the Islands Trust Council, wrote to the Minister of Health Services, requesting modifications to the province's proposed *Meat Inspection Regulation*. The proposed regulation would require all livestock to be slaughtered and processed in provincially-approved facilities, which

could require transport off-island. Many island farmers are concerned that the related costs could have a negative impact on their business.

Provincial Liaison

The Executive Committee continued liaison with the province regarding various aspects of the Islands Trust mandate such as

- In September 2004 the Executive Committee met with the Honourable George Abbott, Minister of Sustainable Resource Management, and the Honourable Murray Coell, Minister of Community, Aboriginal and Women's Services, to discuss the *Private Manager Forest Land Act* and Regulations and to request consultation to eliminate conflicts and uncertainties that have a negative impact on the land use planning function of local governments
- In January 2005, the Executive Committee met with the Honourable Murray Coell, Minister of Community, Aboriginal and Women's Services, to discuss governance options, the results of an opinion survey conducted in December 2004 and delivering the Islands Trust mandate.

Other liaison highlights included:

San Juan County

In June 2004 on Saturna Island, Trust Council hosted elected officials and staff from the San Juan Islands of Washington State to share experiences and discuss topics of common concern to island communities in the trans-boundary area. Topics of discussion included affordable housing, tourism benefits and impacts, marine stewardship initiatives and groundwater issues. During this session, Parks Canada also provided an update regarding the Southern Gulf Islands National Park Reserve.

Bowen Island Municipality

In September 2004, Trust Council arranged a meeting with Bowen Island Municipality, the only municipality within the Islands Trust Area, to share information about common issues and review the Protocol Agreement between Bowen Island Municipality and the Islands Trust.

Islands Trust and the Union of BC Municipalities

Trust Council Chair David Essig and Vice-Chairs Gisele Rudisher and Kim Benson represented the Islands Trust at the Union of British Columbia Municipalities Annual Convention in September 2004. Chief Administrative Officer Linda Adams also attended the convention.

During the convention, the Executive Committee met with the following provincial ministers:

- The Honourable George Abbott, Minister of Sustainable Resource Management with regard to Trust Council's initiative to develop profiles of Crown lands in the Trust Area, the Islands Trust Crown Land Acquisition Program and the implications of the *Private Managed Forest Land Act* and *Regulations* for local government.
- The Honourable Bill Barisoff, Minister of Water, Land and Air Protection regarding the Islands Trust groundwater protection planning initiatives, Trust Council's support for provincial groundwater regulations, a request for the minister's support of the development of new tools and mechanisms to protect forest ecosystems in the Trust Area and an update on the Natural Area Protection Tax Exemption Program.

- The Honourable Pat Bell, Minister of State for Mining with regard to Trust Council's soil removal and deposit model bylaw and to request the Minister's support for reinstating a no-staking reserve on Crown land on Bowen Island.
- The Honourable John Van Dongen, Minister of Agriculture, Fisheries and Foods, regarding reducing conflicts between industrial-scale agricultural activities and settlement areas in the Islands Trust Area and regarding the Denman Island community consultation process about aquaculture tenures in the Bayne Sound.

In addition, the Executive Committee met with David Hahn, President and Chief Executive Officer of BC Ferry Services Inc. regarding topics of common interest to BC Ferries and to the Islands Trust. As a result, the Islands Trust agreed to work on updating a joint letter of understanding with BC Ferries, BC Ferries agreed to inform the Islands Trust as early as possible regarding plans for terminal redevelopment, schedule reviews and service adjustments. The Islands Trust also indicated its appreciation for the support BC Ferries provided in placing the Gulf Islands Water poster on Gulf Islands ferry routes.

The Executive Committee also met with the Regional Director, South Coast Regional Office Ministry of Transportation, to discuss Council's interest in assuming the subdivision approval function in the Islands Trust Area, as well as the Executive Committee's intention to seek alternative means to ensure that sufficient road access is required prior to the development of a new village on Channel Ridge on Salt Spring Island.

Continuous Learning

As part of Trust Council's plan for continuous learning, the Executive Committee arranged presentations during Trust Council quarterly meetings from the following organizations:

- Lidstone Young Anderson reviewed topical planning issues from a legal perspective, land use and ownership issues associated with tourist commercial and residential development, and the new Riparian Regulations and their implementation in the Trust Area.
- Dunster and Associates and Natural Resources Canada provided Trust Council with information about new technology tools that can be of assistance in land use planning in the Trust Area, including the Bowen Island Community Viz and Geolibary projects.
- Habitat Acquisition Trust updated Local Trust committees on regulatory and non-regulatory tools that are available to protect natural habitat in the Trust Area.

External Communication

Website

As of April 2004, the Islands Trust Ecosystem Maps have been available online, showing both natural and modified ecosystems across the entire landscape of the major islands in the Islands Trust Area. Members of the public can view the maps and determine the type of ecosystems on a particular property in the Trust Area Mapping section of the Islands Trust website. The Islands Trust Fund plans to use the information in the maps to create a regional conservation plan for the Islands Trust Area.

Members of the public also use the site frequently to download items of interest such as land use bylaws and census information. Between March 2004 and March 2005, there were 147,659 visits to the Islands Trust website and 38,407 visits to the Islands Trust Fund website.

News Releases

The Islands Trust issued 29 news releases on a wide range of subjects including public input on proposed legislative changes, public input on the proposed annual budget, quarterly Islands Trust Council meetings and agendas, Community Stewardship Awards, land conservation, a community forum and an opinion poll. Islands Trust news releases are distributed to media throughout the Islands Trust Area and outlying media interested in the area, elected officials, other interested agencies and governments, and subscribers to the Islands Trust electronic distribution service.

Communications Specialist Position Created

In November 2004, the Islands Trust hired its first Communications Specialist on a part-time basis. A review of communications resulted in several recommendations for enhancing communications, ranging from a new general information brochure to name tags for trustees and staff to improving the website for users.

Trust Council Advisory Committees

There are three standing committees of Trust Council members appointed by the Chair, which advise on policy matters.

Local Planning Committee

Members:

- Kimberly Linegar, Salt Spring Island (Chair)
- Sheila Anderson, Galiano Island
- John Henshaw, South Pender Island
- Brian Hollingshead, Saturna Island
- Sheila Malcolmson, Gabriola Island
- Gail O'Hara, Thetis Island
- Em Round, North Pender Island
- Gisele Rudischer, Gabriola Island (Executive Committee Representative)
- Wayne Wright, North Pender Island (Resigned August 2004)

Trust Programs Committee

Members:

- Tony Law, Hornby Island (Chair)
- Louise Bell, Denman Island
- Kim Benson, Keats Island (Executive Committee Representative)
- Doug Bowen, Bowen Island (Resigned October 2004)
- Louise Decario, Galiano Island
- Gisele Rudischer, Gabriola Island (Executive Committee Representative)

Additional Members as of November 8, 2004:

- Sheila Malcolmson, Gabriola Island
- Alma Lightbody, South Pender Island

Islands Trust Indicator Reports

In April 2004, the Islands Trust released the final summary reports associated with its 'Measuring Our Progress' program.

Following a public consultation process, the Islands Trust Council endorsed 18 indicators to provide objective information about conditions and trends in the Trust Area. Staff then collected data about each indicator. Topics ranged from environmental issues such as sensitive ecosystems or stream protection to economic factors such as economic dependency and the diversity of income levels. Social and governance topics included age distribution, education levels and rates of participation in local elections.

The main Measuring Our Progress report includes background information about each indicator and information about why it is important. The report also makes suggestions about decisions that local communities can make in order to influence each indicator in a positive way. With financial support from the Georgia Basin Ecosystem Initiative, the Islands Trust was able to prepare individual reports for each Local Trust Area and Island Municipality.

The Islands Trust distributed copies of its reports to other groups and government agencies, and Trustees received copies for on-island distribution. The reports are also available on the Islands Trust website at www.islandstrust.bc.ca/poi/indicatorprogram.cfm.

Financial Planning Committee

Members:

Tom Johnstone, Saturna Island (Chair)
Louise Bell, Denman Island (Trust Fund Board Chair)
Kim Benson, Keats Island (Executive Committee Representative)
Eric Booth, Salt Spring Island
David Essig, Thetis Island (Executive Committee Representative)
Tony Law (Executive Committee Representative)
Kimberly Lineger, Salt Spring Island
Alison Morse, Bowen Island
Em Round, North Pender Island
Gisele Rudischer, Gabriola Island (Executive Committee Representative)
Wayne Wright, North Pender Island (Resigned August 2004)

Financial Plan

At its quarterly meeting in March 2004 on Hornby Island, the Islands Trust Council approved its budget for the 2004-2005 fiscal year with a 4.4% increase in tax revenue. Council approved funds to support some new programs and enhance on-going programs. In particular, the 2004-2005 budget enabled the Islands Trust to make more of its maps (including zoning maps) available to members of the public via the Internet, enhance external communications and increase staff for the management of development applications in the Salt Spring and Northern offices.

The budget also included funding for a trustee office to serve North and South Pender islands and increase funds available to local trust committees for local operations. Trustees also approved an increase to their annual honoraria. It will now range between \$6,600 per year for trustees on smaller islands to \$11,850 per year on Salt Spring Island.

The effect of the budget increase was offset by new construction, so that most property owners did not see a change to their Islands Trust tax levy during the 2004-2005 fiscal year.

Local Trust Committees and Island Municipalities

There is a local trust committee for each group of islands designated as a local trust area by regulation under the Islands Trust Act. A local trust committee is responsible for advancing the object of the Act through land use planning and regulation for its area of jurisdiction.

Day-to-day planning activities of Local Trust Committees and Island Municipalities included: application processing; public, agency and trustee inquiries; Local Trust Committee or Municipality meetings; and Board of Variance support.

Joint Southern Board of Variance Established

As a result of certain changes to the Local Government Act which stipulates that any local government that has adopted a zoning bylaw must establish a Board of Variance, local governments can now form joint boards of variance. Mayne Island, North and South Pender Islands and Saturna Island took advantage of this change to realize efficiencies and share expertise by creating a joint Southern Islands Board of Variance. The Board of Variance receives applications to vary certain zoning bylaw provisions where an applicant can demonstrate that compliance would cause the applicant undue hardship. The Local Trust Committees appoint individuals to the Board of Variance.

Bowen Island Municipality

Councilors Alison Morse, Peter Frinton (resigned October 2004) and Doug Bowen (elected December 2004) represented Bowen Island Municipality on the Islands Trust Council in the 2003–2004 term. Bowen Island Municipality produces its own annual report, which can be found online or requested from the Bowen Island Municipality at www.bimbc.ca.

Denman Island Local Trust Committee

Work began on a Land Use Bylaw amendment to legalize non-conforming dwellings.

Gabriola Island Local Trust Committee

The Official Community Plan and Land Use Bylaw were amended to allow for park density transfer to commence.

Galiano Island Local Trust Committee

The Local Trust Committee considered numerous applications, including some controversial forest land rezoning applications that were denied.

The recently adopted Private Managed Forest Land legislation that replaced the Forest Land Reserve started to influence considerations regarding forest lands.

Other rezoning applications that were initiated included one for a Buddhist Retreat, a museum, a large resort and a separate commercial centre both at Sturdies Bay.

The Local Trust Committee also addressed a dock proposal at Whaler Bay Islet.

Project work included continuation of the Forest Land Initiative with a focus on completion of the Road Network Plan, reviewing water policy, examination of means to batch consider forest land applications and development of a template Forest 3 zone covenant.

Gambier Island Local Trust Committee

A new six-lot subdivision on the New Brighton peninsula on Gambier Island led to a park dedication to protect an environmentally sensitive area. It has also secured a traditional trail that residents use to connect neighbourhoods and access a community dock. The trail includes stairs and other features constructed of natural materials by the subdivision applicant. While several larger subdivisions have taken place on Gambier Island over the last few years, this one differed in that it took place in an established area, and it was characterized by an exceptional level of cooperation among the applicant, the Gambier Island Local Trust Committee, the Sunshine Coast Regional District, local residents and staff, which helped ensure the project's success.

The Local Trust Committee also adopted Board of Variance and fees bylaws, and the second draft of the Gambier Land Use Bylaw went to public review.

Hornby Island Local Trust Committee

A public survey regarding short-term vacation rentals was conducted.

Lasqueti Island Local Trust Committee

The Local Trust Committee conducted day-to-day planning activities.

Mayne Island Local Trust Committee

The Local Trust Committee appointed a tourist accommodation task force.

North Pender Island Local Trust Committee

The Official Community Plan for North Pender Island is more than ten years old and work is underway to update it. A three-phase review started in February 2005 and is expected to be complete by May 2006. The first phase is consultation with the community, followed by policy development and, lastly, bylaw adoption. During the community consultation phase a public forum was held and eleven focus groups established to review eleven topics, ranging from transportation to development permit areas. There is also a separate stakeholder group process with other government agencies, community groups and First Nations. The next step will be a report from the focus groups to local trustees, which will then be reviewed by the community at a public forum.

The Local Trust Committee also reviewed and amended home industry regulations in the course of the year.

Salt Spring Island Local Trust Committee

New Office

Following a year long search, the business office of Islands Trust on Salt Spring Island moved into more accessible office space in the BC Hydro Building at 500 Lower Ganges Road. The new location is fully accessible to community members with convenient parking for disabled persons, automated entry doors and barrier-free access for wheelchairs.

The Islands Trust Council provides partial funding support to a community group that is developing a Community Energy Strategy. The project involves a review of community energy consumption and

greenhouse gas emissions. The strategy will also identify measures for reducing energy consumption and set targets for reduced energy use.

Advisory Environmental Committee

Salt Spring Island Local Trust Committee established a citizen's committee to provide recommendations concerning policy, regulation and planning approvals relative to stewardship of the natural environment. The Advisory Environmental Committee is comprised of persons with science and technical expertise.

Community Housing Task Force

Working with community volunteers, Salt Spring Island Local Trust Committee established a Community Housing Task Force designed to follow through on recommendations coming out of a Housing Survey for Salt Spring Island.

Ganges/Fulford Parking Study

Local Trust Committee contributed funds to support the Ganges/Fulford Parking Study being conducted in partnership with Capital Regional District, BC Ferries and the Salt Spring Island Chamber of Commerce.

Channel Ridge Village Master Development Permit

Final conditions of approval were given to the Channel Ridge Village Master Plan, permitting 405 residential dwelling units and 7,506 square meters of commercial floor space on lands overlooking Stuart Channel.

Trincomali Amenity Bonus

Agreements have been reached with Trincomali Land Corporation that permits an additional six rural residential lots in exchange for funds donated to the Salt Spring Island Parks and Recreation Capital Reserve Fund for the purpose of constructing a community recreation facility on Rainbow Road in Ganges Village.

Sansum Narrows Density Transfer

With the support of two property owners, the Salt Spring Island Local Trust Committee granted approval to the transfer of two rural residential densities from an ecologically sensitive property along Sansum Narrows to Isabella Point Road. The transfer includes provisions to preserve a three hectare (7.5 acre) area in the Fescue Camas plant community.

Retail Liquor Stores

To clarify and remain consistent with provincial regulations concerning liquor sales, Salt Spring Island Local Trust Committee approved Land Use Bylaw amendments permitting private licensed liquor stores on lands with site-specific zoning.

Village Centre Mixed Use Development

Salt Spring Island Local Trust Committee brought in an amendment to Official Community Plan policy to permit the upper floors of commercial buildings in island villages to be used for residential use.

Saturna Island Local Trust Committee

The Saturna Island Local Trust Committee addressed applications and referrals for rezoning, development variance permits, removal of land from the Agricultural Land Reserve, subdivision and other general applications and referrals.

Project work focused on community amenity density reserve (CADR) and the Bertolami Land Use Bylaw amendment, which was an application to redistribute density on a Forest zoned property.

A three-member Board of Variance was appointed.

South Pender Island Local Trust Committee

Concerns with canal erosion were extensively investigated by stakeholders, including: Parks Canada, the Coast Guard, the Pender Islands Parks Commission and the Islands Trust. An accommodation study was completed.

Thetis Island Local Trust Committee

The Local Trust Committee conducted day-to-day planning activities.

Trust Fund Board

The Trust Fund Board administers the Islands Trust Fund, a conservation land trust established in 1990 to preserve and protect unique ecological features in the Islands Trust Area. As one of British Columbia's leading conservation trusts, the Islands Trust Fund works with Trust Area communities to protect special places in perpetuity through voluntary land donations, conservation covenants, land acquisition and stewardship education.

The Trust Fund Board protects 633 hectares of natural and cultural values on 53 properties with a combined value of more than \$13 million.

50 Protected Places

The Islands Trust Area is a beautiful, fragile region under ever-increasing pressure from development. Since 1990, islanders have responded to this pressure by donating their time, energy, land and money to the Islands Trust Fund, saving the places that give the islands their charm and contribute to the islands' biological richness. Thanks to these islanders' dedication and support, the Islands Trust Fund celebrated its 50th protected place in 2004. The Islands Trust Fund shares this success with its partners and island communities, whose vision and dedication were fundamental to this achievement.

Regional Conservation Planning in the Islands Trust Area

Regional Conservation Planning is a process to identify conservation priorities in the context of large ecological systems and human use of the landscape. It creates a regional vision for conservation and defines a strategy for its implementation.

Through its strategic planning process, the Islands Trust Fund set the long-term goal of protecting at least 25% of the remaining rare Coastal Douglas-fir and Coastal Western hemlock ecosystems in the

Islands Trust Area. This goal is central to the Regional Conservation Plan which the Trust Fund will use to identify priority areas for its conservation work. In addition, the Plan is intended to provide a flagging tool for land use planning and decision-making, as well as general information for use in Trust-wide projects.

To develop a scientifically sound Regional Conservation Plan, the Islands Trust Fund worked with partner agencies to create maps that describe the ecosystems that exist across the entire landscape of the islands. The Islands Trust Fund analyzed the information provided in these maps to determine and highlight key areas of conservation value. The Regional Conservation Plan identifies areas of high conservation value, sets priorities and identifies tools and partners available to protect these areas. The document determines a five-year work plan for the Islands Trust Fund that sets out measurable goals and the necessary actions to achieve the protection of these key conservation priority areas.

In early 2005, staff drafted the first version of the Islands Trust Fund Regional Conservation Plan. Throughout the summer of 2005, the Trust Fund Board will refer the draft Plan to interested stakeholder agencies for comment. The Trust Fund Board will submit a final Regional Conservation Plan to Trust Council for approval in September 2005.

Conservation Covenants in 2004-2005

The Trust Fund Board received three new conservation covenants protecting land on Galiano Island, North Pender Island, and Thetis Island. These new protected areas bring the total number of properties protected by the Islands Trust Fund through conservation covenants to thirty-eight.

Laughlin Lake Covenant, Galiano Island

In 2003, the Galiano Conservancy Association purchased Laughlin Lake on Galiano Island after a three-year joint fundraising effort by the Conservancy, Habitat Acquisition Trust, and the Islands Trust Fund. A conservation covenant registered in May 2004 and held jointly by Habitat Acquisition Trust and the Islands Trust Fund now protects the Laughlin Lake property and its natural features in perpetuity.

As the largest body of freshwater on Galiano Island, Laughlin Lake is vital to a region that has only 1% of its area covered by freshwater ecosystems. The 11-hectare (27 acre) property provides essential habitat for an abundant and diverse population of birds, mammals and amphibians, including blue-listed species such as the Red-legged Frog and the Painted Turtle. The property forms the central link in a protected areas network that spans the width of Galiano Island.

Sharp-tailed Snake Covenant, North Pender

The Islands Trust Fund received one of its smallest conservation covenants in May 2004: the 354 square metre Sharp-tailed Snake Covenant. While this covenant area with its bedrock outcrop may appear small to humans, it is of critical importance to the endangered and elusive Sharp-tailed Snake. As one of only eight known sites in British Columbia where the nationally and provincially endangered species lives, the location has provided opportunities for research of the Sharp-tailed Snake since 1996. Current understanding of the species' biology in British Columbia originates mainly from this site on North Pender Island.

Meadow Valley Covenant, Thetis Island

The Islands Trust Fund achieved a long-held goal of a protected area on Thetis Island with the donation of the Meadow Valley conservation covenant. The covenant, held jointly with The Land

Conservancy of British Columbia, protects a 1.4 hectare, steeply-sloped property that is home to a mature stand of Douglas-fir, with small groves of Arbutus, Honeysuckle and other plants typical of the Dry Coastal Douglas-fir ecosystem. The Meadow Valley covenant also protects foraging and roosting habitat for many birds, reptiles, and insects.

Through the registration of the Meadow Valley covenant, the Trust Fund Board achieved an important first step in ecosystem conservation in the Thetis Island Local Trust Area – an area with one of the lowest percentages of protected land in the Islands Trust Area.

Land Donations in 2004-2005

Brigade Bay Bluffs and Long Bay Creek Wetland Nature Reserves

In 2004, the Islands Trust Fund received its first nature reserves on Gambier Island. Brigade Bay Bluffs and Long Bay Creek Wetland were received from Coastland Wood Industries and Mike Jenks of Gabriola Island as part of a subdivision process that included a multi-stakeholder, collaborative community process. Community leaders called the transfer a success for all parties involved and the process a model for community dialogue in a complex subdivision process.

The Brigade Bay Bluffs Nature Reserve protects 5.14 hectares of steep forested area with rocky bluffs and outcroppings. The elevation on the site ranges from 60 to 240 meters. The Long Bay Wetland Nature Reserve, a 38-hectare property, protects the headwaters of the Long Bay watershed and Long Bay Creek, a fish-bearing stream.

Determined community advocacy and stewardship transformed the Long Bay Wetland, a landscape devastated by logging and surface mining, into a rehabilitated and permanently protected haven for the area's flora and fauna. It is the intention of the Islands Trust Fund to continue to involve the community in caring for the two nature reserves, most notably in the creation of a management plan in 2005.

Opportunity Fund

The Islands Trust Fund created the Opportunity Fund in 2004 to provide funding to partner agencies working on regionally important conservation projects. The Fund provides support for hard to fundraise costs associated with land protection, or is used to lever additional donations for land acquisition. Donations from the public support the Opportunity Fund. The Regional Conservation Plan will guide the allocation of funds from the Opportunity Fund.

Islands Trust Fund 50 Special Places Birthday Calendar

To launch the fundraising campaign for the Opportunity Fund, the Islands Trust Fund released a birthday calendar celebrating the protection of its 50th property. Featuring the talents of local photographers, the calendar showcases the extraordinary beauty of the unique island properties the Islands Trust Fund owns and covenants. Each page provides space for recording important birthdays and anniversaries, and as a perpetual calendar, it remains up-to-date year after year. One hundred percent of the proceeds from the sale of the Islands Trust Fund 50 Special Places Birthday Calendar will go to the Opportunity Fund.

Stewardship Education Activities

The Islands Trust Fund recognizes that the most influential land stewards operating in the Islands Trust Area are landowners themselves as their daily decisions have a direct effect on the health of

fragile island ecosystems. By providing ecological information and support to local landowners, the Islands Trust Fund enables landowners to make positive decisions that benefit themselves and their land.

Ruby Alton Nature Reserve Rainwater Harvesting Demonstration Site

In early 2005, the Islands Trust Fund received \$35,000 from Vancity Credit Union and the Real Estate Foundation of British Columbia to support the Ruby Alton Nature Reserve Rainwater Harvesting Demonstration Site. The project will see a complete rainwater collection system installed on the nature reserve's house as a demonstration project. The demonstration site will show how rooftop catchment of rainwater can supply a substantial proportion of the total water demand of a four-person household. The site will also educate the public on the need to conserve and use rainwater.

The Islands Trust Fund plans to begin construction of the Rainwater Harvesting Site in the summer of 2005.

Puddle Project Workshop

The Islands Trust Fund hosted the Puddle Project workshop for 25 local conservancy members at Malaspina University-College on October 30, 2004. The Puddle Project, a program administered by the BC Wildlife Federation, aims to engage youth and adults to map and conserve wetlands under one hectare in size.

Per hectare, small wetlands are more productive than larger ones. Since small wetlands have relatively larger edge and shallow areas, they have two to three times as many waterfowl per unit area. In addition, many species at risk depend on small wetlands.

The workshop offered hands-on learning about wetland ecology and global position system (GPS) technology. The workshop provided training in the field by offering participants the opportunity to map a local wetland. The workshop also hosted guest speakers from all levels of government, industry and the non-profit community to discuss with participants how to access land-use planning processes in order to conserve small wetlands.

2004-2005 Free Crown Grant Program

Through the Province of British Columbia's Free Crown Grant program, Trust Council and the Trust Fund Board work together to seek the sponsorship of the Minister of Community, Aboriginal and Women's Services for parcels of Crown Land in the Islands Trust Area. When a Trust Fund Board application is granted, the title of the property is transferred to the Trust Fund Board and its ecological values are protected in perpetuity as a nature reserve.

UREP Proposed Nature Reserve, Gabriola Island

In March 2005, the Trust Fund Board accepted an offer from the Province of British Columbia for a 65-hectare parcel of forested land on Gabriola Island. The parcel had UREP status; in other words, it had been reserved for "Use for Recreation and Enjoyment by the Public". Once transferred to the Trust Fund Board, the property will become the first nature reserve received by the Islands Trust Fund through the Provincial Free Crown Grant Program.

The proposed nature reserve contains mixed young to mature conifer forest, including the last remaining stand of old-growth trees on Gabriola Island. Several streams and small wetlands are scattered throughout the property, providing high biodiversity values to the property. The property is home to red-and blue-listed plant communities and blue-listed wildlife species including the Western Screech-Owl, Turkey Vulture and Townsend's big-eared bat.

The Gabriola Island community has worked to protect the UREP property for over 20 years. Its protection is a priority for the Islands Trust Fund as only 2.5% of the Gabriola Island Local Trust Area's land base are protected, the lowest percentage of protected area in the Islands Trust Area. Trust Council selected this property in 2004 as a pilot application to the Free Crown Grant program. Trust Council will develop a policy in 2005 for establishing the priority of other Crown lands in the Islands Trust Area that are eligible for the program.

Property Management in 2004-2005

When the Trust Fund Board receives donations of land, it consults with the donor(s) regarding specific wishes they may have for the property and considers these comments when developing management plans. The Trust Fund Board has a management plan in place for each nature reserve that it owns. In an effort to manage its properties under the principle of adaptive management, in 2004-2005 the Trust Fund Board updated and revised existing management plans for Deep Ridge Nature Reserve, Medicine Beach Nature Sanctuary, Cunningham Nature Reserve, Lower Mount Erskine Nature Reserve, and Inner Island Nature Reserve.

The Trust Fund Board monitors its properties and covenants annually to ensure that the protected natural values are maintained.

Audited Financial Statements of

THE ISLANDS TRUST

Year ended March 31, 2005

THE ISLANDS TRUST

Audited Financial Statements

Year ended March 31, 2005

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FINANCIAL REPORTING RESPONSIBILITY

The accompanying statements of The Islands Trust (the "Trust") are the responsibility of management. To ensure their integrity, objectivity and reliability, management has selected appropriate accounting policies that are consistent with generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. The financial statements necessarily include some amounts that are based on estimates and the judgment of management with appropriate consideration to materiality.

The Trust's accounting systems and related internal controls and supporting procedures are designed and maintained to provide reasonable assurance that financial records are complete and accurate and that assets are safeguarded against loss from unauthorized use or disposition. The procedures include training and selection of qualified staff, the establishment of an organizational structure that provides a well-defined division of responsibilities, accountability for performance and communication of standards of business conduct.

The Trust Council, acting through its Financial Planning and Audit Committees, oversees management's responsibilities for the financial reporting and internal control systems. The Committees meet periodically with management and the independent auditors to satisfy themselves that management's responsibilities are properly discharged, to review the consolidated financial statements and to recommend approval of the consolidated financial statements to Trust Council.

KPMG LLP, Chartered Accountants, the independent auditors appointed by the Trust have examined these financial statements and issued their report which follows. The auditors have full and unrestricted access to the Council to discuss their audit and their related findings as to the integrity of the financial reporting process.



Chief Administrative Officer



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AUDITORS' REPORT TO THE TRUSTEES OF THE ISLANDS TRUST

We have audited the consolidated statement of financial position of The Islands Trust as at March 31, 2005 and the consolidated statements of financial activities and fund balances and changes in financial position and the related statements of financial activities and fund balance for the general revenue and capital funds for the year then ended. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Trust as at March 31, 2005 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Victoria, Canada

May 13, 2005

THE ISLANDS TRUST

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

STATEMENT A

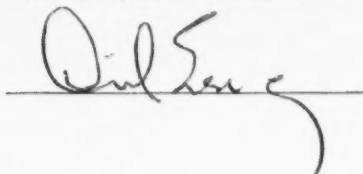
March 31, 2005, with comparative figures for 2004

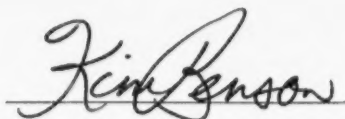
	2005	2004
Financial Assets		
Cash and short-term investments (note 2)	\$ 1,235,265	\$ 1,385,141
Accounts receivable	105,431	150,666
Prepaid expenses	26,067	22,322
Due from The Islands Trust Fund	7,738	-
	1,374,501	1,558,129
Liabilities		
Wages and benefits payable	630,791	579,485
Accounts payable and accrued liabilities	160,353	210,036
Deferred revenue	34,049	13,039
Employee benefit obligations (note 3)	146,127	157,234
	971,320	959,794
Net financial assets	403,181	598,335
Physical assets (note 4)	1,001,811	820,930
Total net financial assets and physical assets	\$ 1,404,992	\$ 1,419,265
The Islands Trust Position		
General Revenue Fund (Statement D) (note 5)	\$ 403,181	\$ 598,335
Capital Fund and equity in capital assets (Statement E)	1,001,811	820,930
Total The Islands Trust position	\$ 1,404,992	\$ 1,419,265

Commitments (note 6)
Contingent liabilities (note 7)

See accompanying notes to financial statements.

Approved by the Trust Council:

 Trustee

 Trustee

THE ISLANDS TRUST

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES AND FUND BALANCES

STATEMENT B

Year ended March 31, 2005, with comparative figures for 2004

	Budget 2005	Actual 2005	Actual 2004
Revenue:			
Property tax - general	\$ 3,441,660	\$ 3,441,660	\$ 3,124,380
Property tax levy - Bowen Island Municipality	112,965	113,065	98,810
Provincial grant	236,000	236,000	294,000
Fees and sales	150,000	162,269	178,964
Interest	60,000	41,727	52,826
Other income	3,500	39,213	4,176
	4,004,125	4,033,934	3,753,156
Expenditure (note 8):			
Council services	757,060	752,550	767,963
Local services	2,847,658	3,027,312	2,680,855
Trust Fund services	417,307	449,226	355,788
	4,022,025	4,229,088	3,804,606
Deficiency of revenue over expenditure	(17,900)	(195,154)	(51,450)
Fund balances, beginning of year as previously reported	1,467,241	1,467,241	1,473,179
Adjustment to reflect change in accounting policy for employee benefit obligations (note 11)	(47,976)	(47,976)	(47,976)
Fund balances, beginning of year, restated	1,419,265	1,419,265	1,425,203
Asset acquisitions	130,000	230,222	120,420
Asset disposals	-	(49,341)	(74,908)
Fund balances, end of year	\$ 1,531,365	\$ 1,404,992	\$ 1,419,265

See accompanying notes to financial statements.

THE ISLANDS TRUST

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

STATEMENT C

Year ended March 31, 2005, with comparative figures for 2004

	2005	2004
Cash provided by (used in):		
Operating activities:		
Deficiency of revenue over expenditure	\$ (195,154)	\$ (51,450)
Decrease in net financial assets other than cash	45,278	(70,218)
Decrease in cash	(149,876)	(121,668)
Cash and short-term investments, beginning of year	1,385,141	1,506,809
Cash and short-term investments, end of year	\$ 1,235,265	\$ 1,385,141

See accompanying notes to financial statements.

THE ISLANDS TRUST

STATEMENT OF FINANCIAL ACTIVITIES AND FUND BALANCE GENERAL REVENUE FUND

STATEMENT D

Year ended March 31, 2005, with comparative figures for 2004

	Budget 2005	Actual 2005	Actual 2004
Revenue:			
Property tax - general	\$ 3,441,660	\$ 3,441,660	\$ 3,124,380
Property tax levy - Bowen Island Municipality	112,965	113,065	98,810
Provincial grant	236,000	236,000	294,000
Fees and sales	150,000	162,269	178,964
Interest	60,000	41,727	57,002
Other income	3,500	39,213	-
	4,004,125	4,033,934	3,753,156
Expenditure:			
Council services	729,760	704,203	741,017
Local services	2,752,758	2,859,250	2,594,314
Trust Fund services	409,507	435,413	348,855
	3,892,025	3,998,866	3,684,186
Excess of revenue over expenditure	112,100	35,068	68,970
Net transfers to Capital Fund	(130,000)	(230,222)	(120,420)
Change in fund balance	(17,900)	(195,154)	(51,450)
Fund balance, beginning of year as previously reported	646,311	646,311	697,761
Adjustment to reflect change in accounting for employee benefit obligations (note 11)	(47,976)	(47,976)	(47,976)
Fund balance, end of year (note 5)	\$ 580,435	\$ 403,181	\$ 598,335

See accompanying notes to financial statements.

THE ISLANDS TRUST

STATEMENT OF FINANCIAL ACTIVITIES AND FUND BALANCE CAPITAL FUND

STATEMENT E

Year ended March 31, 2005, with comparative figures for 2004

	Budget 2005	Actual 2005	Actual 2004
Expenditure:			
Council services	\$ 27,300	\$ 48,347	\$ 26,946
Local services	94,900	168,062	86,541
Trust Fund services	7,800	13,813	6,933
	130,000	230,222	120,420
Excess of expenditure	(130,000)	(230,222)	(120,420)
Net transfers from General Revenue Fund	130,000	230,222	120,420
Change in fund balance	-	-	-
Fund balance, beginning of year	820,930	820,930	775,418
Asset acquisitions	130,000	230,222	120,420
Asset disposals	-	(48,341)	(74,908)
Fund balance, end of year	\$ 950,930	\$ 1,001,811	\$ 820,930

See accompanying notes to financial statements.

THE ISLANDS TRUST

Notes to Financial Statements

Year ended March 31, 2005

The Islands Trust (the "Trust") is incorporated under The Islands Trust Act of British Columbia (as amended). The objectives of the Trust are to preserve and protect the Trust area and its unique amenities and environment for the benefit of the residents of the Trust area and of the Province generally.

1. Significant accounting policies:

The financial statements of the Trust are prepared by management in accordance with generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Trust are as follows:

(a) Reporting entity:

The financial statements reflect the assets, liabilities, revenues, expenditures, and changes in fund balances and in financial position of the Trust.

Inter-departmental balances and organizational transactions are eliminated.

(b) Revenue recognition:

Sources of revenue are recorded on the accrual basis and include revenue in the period in which the transactions or events occurred that gave rise to the revenues and expenditures in the period the goods and services are acquired and a liability is incurred or transfers are due.

Revenue earned in the current period is recorded as deposits or deferred revenue.

(c) Fund accounting:

Funds within the financial statements consist of the general revenue and capital funds. Transfers between funds are recorded as adjustments to the appropriate fund balance.

(d) Short-term investments:

Short-term investments are recorded at cost, which approximates fair market value.

(e) Employee benefit obligations:

The Trust and its employees make contributions to the Public Service Pension Plan. These contributions are expensed as incurred.

Retirement allowance benefits are also available to the Trust's employees. The costs of these benefits are actuarially determined based on service and best estimates of retirement ages and expected future salary and wage increases. The obligation under this benefit plan is accrued based on projected benefits as the employees render services necessary to earn the future benefits.

THE ISLANDS TRUST

Notes to Financial Statements

Year ended March 31, 2005

1. Significant accounting policies (continued):

(f) Physical assets:

Physical assets, comprised of capital assets and leasehold improvements, are recognized as expenditures in the period they are acquired. Donated capital assets are reported at estimated fair value at the time they are received. Physical assets are recorded at cost.

The Trust does not record amortization on physical assets in the financial statements.

(g) Government transfers:

Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

(h) Reserve accounts:

The reserve accounts (note 5) are non-statutory reserves established at the discretion of the Trust Council.

(i) Equity in capital assets:

Equity in capital assets represents the historical cost of those capital assets. Equity increases as capital assets are acquired without incurring long-term debt or, where such debt is incurred, by the reduction of that debt. Equity decreases as capital assets are written off on disposal.

(j) Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditure during the period. Actual results could differ from those estimates.

THE ISLANDS TRUST

Notes to Financial Statements

Year ended March 31, 2005

2. Cash and short-term investments:

	2005	2004
Bank account balances	\$ 338,210	\$ 55,508
Term investments	897,055	1,329,633
	<u>\$ 1,235,265</u>	<u>\$ 1,385,141</u>

3. Employee benefit obligations:

The Trust provides sick leave and certain other benefits to its employees.

	2005	2004
Vacation	\$ 66,238	\$ 79,089
Compensatory time off	24,859	30,169
Accrued retirement allowance	55,030	47,976
	<u>\$ 146,127</u>	<u>\$ 157,234</u>

Vacation and compensatory time off represent the liability for accumulated banks for draw down at future dates and/or for payout either on an approved retirement, or upon termination or death. Accrued retirement allowance represents the Trust's share of the cost to provide employees with certain retirement allowances in the year of retirement, which were estimated by an actuarial valuation completed in March 2005.

The significant actuarial assumptions adopted in measuring the Trust's accrued retirement allowance are as follows:

	2005	2004
Discount rates	6.00%	6.00%
Expected future inflation rates	3.00%	3.00%
Expected wage and salary increases	0.00% to 3.00%	0.00% to 3.00%

THE ISLANDS TRUST

Notes to Financial Statements

Year ended March 31, 2005

4. Physical assets:

	2005	2004
Office furniture, equipment, and computers	\$ 775,106	\$ 706,302
Denman Island Old School Site	10,000	10,000
Leasehold improvements	216,703	104,628
	<u>\$ 1,001,811</u>	<u>\$ 820,930</u>

Denman Island Old School Site:

In 1993/94 the Denman Island Old School Site was sold to the Trust for \$10,000, which was donated by the Denman Island Ratepayers' Association who, in turn, leased the building from the Trust for 99 years for a total fee of \$10. The Trust agreed to facilitate the sale of the school between School District #71 and the Ratepayers' Association and to hold title to the property on behalf of the community.

5. General Revenue Fund:

The General Revenue Fund balance has been appropriated by resolution of Council as follows:

	Beginning balance	Transfers and appropriations	2005 Deficiency of revenue over expenditure	Ending balance
Unappropriated balance:				
Surplus	\$ 153,699	12,325	(195,154)	(29,130)
Appropriated balance				
reserve accounts:				
General	206,006	(40,000)	-	166,006
Capital	47,000	(32,000)	-	15,000
Legal	191,630	69,675	-	251,305
	<u>444,636</u>	<u>(12,325)</u>	<u>-</u>	<u>432,311</u>
General Revenue Fund balance	<u>\$ 598,335</u>	<u>-</u>	<u>(195,154)</u>	<u>403,181</u>

During the year, the Trust budgeted an amount of \$17,900 as an appropriation of reserves for operations.

THE ISLANDS TRUST

Notes to Financial Statements

Year ended March 31, 2005

6. Commitments:

The Trust is committed to leases over rented premises and equipment. Minimum future payments in the next five years are as follows:

	Premises	Equipment
2006	\$ 243,435	\$ 29,629
2007	243,435	16,369
2008	159,650	14,143
2009	76,067	14,143
2010	40,142	5,318

7. Contingent liabilities:

In the normal course of a year, claims for alleged damages are made against the Trust. Costs, if any, are recorded in the year when settlement is made.

8. Expenditures by object:

	2005	2004
Salaries and benefits	\$ 2,329,098	\$ 2,275,462
Travel/training and recruitment	118,264	107,071
Council and trustee costs	478,288	440,301
Office operations	620,054	473,280
Programs	216,036	239,352
Legal and elections	237,126	148,720
Equipment	230,222	120,420
	\$ 4,229,088	\$ 3,804,606

THE ISLANDS TRUST

Notes to Financial Statements

Year ended March 31, 2005

9. Pension plan:

The employees and employers of the Public Service and Miscellaneous Employers contribute to the Public Service Pension Plan (the "plan"), a jointly trustees pension plan. The board of trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the plan. The pension plan is a multi-employer defined benefit pension plan with over 51,000 active plan members and approximately 28,000 retired plan members.

Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. The latest valuation, as at March 31, 2002, indicated a \$546 million surplus for funding purposes. The actuary does not attribute portions of the surplus to individual employers. The Islands Trust paid \$129,927 for employer contributions to the plan in fiscal 2005.

10. Related parties:

The Trust is related to The Islands Trust Fund (the "Fund") through the composition of the Fund's Board. The Fund's Board is comprised of three members from the Trust's Council and up to three members appointed by the Minister of Community, Aboriginal and Women's Services.

For financial reporting purposes, the Trust and the Fund are reported on separately. These financial statements present the financial position and results of operations of the Trust.

The Fund's annual expenses are funded by and reported as part of the Trust in accordance with The Islands Trust Act. These expenses are summarized as follows:

	2005	2004
Programs	\$ 353,187	\$ 273,756
Board	13,883	11,086
Administration	82,156	70,946
	\$ 449,226	\$ 355,788

THE ISLANDS TRUST

Notes to Financial Statements

Year ended March 31, 2005

11. Adoption of new accounting standard:

Effective April 1, 2004, the Trust has adopted the recommendations under Section PS 3255 of the CICA Handbook for accounting for post-employment benefits. The new standard requires the Trust to accrue all future obligations relating to employee sick leave benefits and other retirement benefit arrangements. This change has been applied retroactively and has increased amounts previously reported for employee benefit obligations and decreased amounts previously reported for fund balances as at and for the year ended March 31, 2004 by \$47,976. This change has increased the amount reported for expenditures for the year ended March 31, 2005 over the amount that would have been reported under the policy previously in place by the Trust by \$7,054.

12. Comparative figures:

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.

Audited Financial Statements of

THE ISLANDS TRUST FUND

Year ended March 31, 2005



KPMG LLP
Chartered Accountants
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Victoria BC V8W 3Y7

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AUDITORS' REPORT TO THE MEMBERS

We have audited the statement of financial position of The Islands Trust Fund as at March 31, 2005 and statement of operations and changes in fund balances for the year then ended. These financial statements are the responsibility of the Trust Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many not-for-profit organizations, the Trust Fund derives revenue from grants and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of revenues from grants and donations was limited to the amounts recorded in the records of the Trust Fund and we were not able to determine whether any adjustments might be necessary to grant and donations revenue, excess (deficiency) of revenue over expenditures and Fund balances.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Trust Fund as at March 31, 2005 and the results of its operations and the changes in its fund balance for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Victoria, Canada

May 13, 2005

THE ISLANDS TRUST FUND

Statement of Financial Position

March 31, 2005, with comparative figures for 2004

	General Fund	Restricted Fund	Capital Fund	Endowment Fund	2005 Total	2004 Total
Assets						
Cash	\$ 32,554	\$ 65,000	\$ -	\$ -	\$ 97,554	\$ 47,645
Short-term investment	-	-	-	88,000	88,000	88,000
Inventory	7,305	-	-	-	7,305	-
Land (note 2)	-	-	2,255,903	2,654,000	4,909,903	5,094,903
	\$ 39,859	\$ 65,000	\$ 2,255,903	\$ 2,742,000	\$ 5,102,762	\$ 5,230,548
Liabilities						
Due to The Islands Trust	\$ 7,738	\$ -	\$ -	\$ -	\$ 7,738	\$ -
Fund Balances						
Unrestricted	32,121	-	-	-	32,121	22,543
Investment in land (note 2)	-	-	2,255,903	-	2,255,903	2,440,903
Internally restricted (note 3)	-	16,263	-	-	16,263	16,045
Externally restricted (note 3)	-	48,737	-	-	48,737	9,057
Restricted for endowment purposes (note 4)	-	-	-	2,742,000	2,742,000	2,742,000
	32,121	65,000	2,255,903	2,742,000	5,095,024	5,230,548
Contingent liability (note 6)	\$ 39,859	\$ 65,000	\$ 2,255,903	\$ 2,742,000	\$ 5,102,762	\$ 5,230,548

See accompanying notes to financial statements.

Approved by the Trust Fund's Board:

Louis Bell Board member
Kirk B. Boyer Board member

THE ISLANDS TRUST FUND

Statement of Operations and Changes in Fund Balances

Year ended March 31, 2005, with comparative figures for 2004

	General Fund	Restricted Fund	Capital Fund	Endowment Fund	2005 Total	2004 Total
Revenue:						
Donations in cash	\$ 6,537	\$ 7,722	\$ -	\$ -	\$ 14,259	\$ 7,227
Grants in cash	-	45,000	-	-	45,000	12,052
Rental income	-	10,450	-	-	10,450	6,175
Other income	-	-	-	-	-	2,837
Investment income	378	1,927	-	-	2,305	2,799
Sale of fundraising items	9,021	-	-	-	9,021	-
	15,936	65,099	-	-	81,035	31,090
Expenditures:						
Victoria Real Estate Board	-	-	-	-	-	15,000
Repairs and maintenance - Alton Property	-	24,715	-	-	24,715	16,656
Cost of sales of fundraising items	3,898	-	-	-	3,898	-
Programs	2,460	-	-	-	2,460	-
Donations to conservancy groups	-	461	-	-	461	-
Donation of land to Parks Canada (Loretta's Wood)	-	-	185,000	-	185,000	-
Other	-	25	-	-	25	3,144
	6,358	25,201	185,000	-	216,559	34,800
Excess (deficiency) of revenue over expenditures	9,578	39,898	(185,000)	-	(135,524)	(3,710)
Fund balances, beginning of year	22,543	25,102	2,440,903	2,742,000	5,230,548	5,234,258
Fund balances, end of year (notes 2, 3 and 4)	\$ 32,121	\$ 65,000	\$ 2,255,903	\$ 2,742,000	\$ 5,095,024	\$ 5,230,548

See accompanying notes to financial statements,

THE ISLANDS TRUST FUND

Notes to Financial Statements

Year ended March 31, 2005

The Islands Trust (the "Trust") is incorporated under The Islands Trust Act of British Columbia (as amended). The objectives of the Trust are to preserve and protect the Trust area and its unique amenities and environment for the benefit of the residents of the Trust area and of the Province generally.

The Islands Trust Fund (the "Trust Fund") is empowered to accept donations, grants and bequests on behalf of the Trust and to hold land and other property in compliance with a Trust Fund plan approved by the Ministry of Community, Aboriginal and Women's Services.

For financial reporting purposes, the Trust and the Trust Fund are reported on separately. These financial statements present the financial position and changes in fund balances of the Trust Fund.

1. Significant accounting policies:

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

(a) Fund accounting:

The Trust Fund follows the restricted fund method of accounting for contributions.

The General Fund reports unrestricted resources.

The Capital Fund reports the assets, liabilities, revenue and expenditures related to the Fund's capital assets.

The Endowment Fund reports resources that are contributed for endowment purposes.

The Restricted Fund reports the assets, liabilities, revenue and expenditures related to internally and externally restricted assets.

(b) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at estimated fair value at the date of contribution.

(c) Revenue recognition:

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Contributions for endowment are recognized as direct increases in the Endowment Fund balance.

THE ISLANDS TRUST FUND

Notes to Financial Statements

Year ended March 31, 2005

1. Significant accounting policies (continued):

(c) Revenue recognition (continued):

Interest income earned on Endowment Fund resources is restricted for the purpose of maintaining certain specified property and is recognized in the Restricted Fund. Interest income of internally restricted funds is recognized as revenue of the Restricted Fund. Other interest income is recognized as revenue of the General Fund when earned.

All other forms of income are recognized as revenue of the General Fund when received or receivable.

(d) Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the period. Actual results could differ from those estimates.

2. Land:

	Acquisition date	2005	2004
Inner Island Nature Reserve, Denman Island	1992	\$ 70,000	\$ 70,000
Coats Millstone Reserve, Gabriola Island	1994	100,000	100,000
Medicine Beach Nature Sanctuary, North Pender Island	1996	477,000	477,000
Cunningham Reserve, Salt Spring Island	1994	265,000	265,000
Deep Ridge Reserve, Salt Spring Island	1992	255,000	255,000
Lower Mt. Erskine Nature Reserve, Salt Spring Island	1996	284,000	284,000
Kwel Nature Sanctuary, Lasqueti Island	1997	195,497	195,497
Singing Woods Nature Reserve, Bowen Island	1999	157,000	157,000
Trincomali Nature Sanctuary, Galiano Island	2001	242,406	242,406
Horton Bayviary Nature Reserve, Mayne Island	2002	210,000	210,000
Loretta's Wood Nature Sanctuary, North Pender Island	2003	-	185,000
		\$ 2,255,903	\$ 2,440,903

THE ISLANDS TRUST FUND

Notes to Financial Statements

Year ended March 31, 2005

3. Restricted Fund balances:

	2005	2004
Internally restricted:		
South and West Salt Spring Conservation	\$ 1,615	\$ 1,616
McFadden property	14,648	14,429
	16,263	16,045
Externally restricted:		
Alton Nature Reserve	75	4,972
Alton Nature Reserve - rain catchment project	45,000	-
Laughlin Lake	-	459
Chickadee Lake	2,431	2,305
Williams Covenant	1,231	1,231
	48,737	9,057
	\$ 65,000	\$ 25,102

4. Restricted for endowment purposes:

	Acquisition date	2005	2004
Alton Nature Reserve - maintenance		\$ 88,000	\$ 88,000
Alton Nature Reserve, Salt Spring Island	2002	454,000	454,000
Lindsay Dickson Nature Reserve, Denman Island	2001	2,200,000	2,200,000
		2,654,000	2,654,000
		\$ 2,742,000	\$ 2,742,000

THE ISLANDS TRUST FUND

Notes to Financial Statements

Year ended March 31, 2005

5. Related party:

The Trust is related to the Trust Fund through the composition of the Trust Fund's Board. The Trust Fund's Board is comprised of three members from the Trust's Council and up to three members appointed by the Minister of Community, Aboriginal and Women's Services.

The Trust Fund's annual expenses are funded by and reported as part of the Trust in accordance with The Islands Trust Act. The expenses are summarized as follows:

	2005	2004
Programs	\$ 353,167	\$ 273,756
Board	13,883	11,086
Administration	82,156	70,946
	\$ 449,226	\$ 355,788

6. Contingent liability:

Two properties owned by the Trust Fund Board, the Lindsay Dickson property on Denman Island, and the Alton property on Salt Spring Island, were donated on the condition that the properties be used and managed in certain ways. The Lindsay Dickson property was donated "for so long as the land is used as a nature reserve for the use, benefit and enjoyment of the residents of B.C.". The Alton property is to be held, managed and preserved for its ecological environment and scenic features and not as a recreational park. The residence, gardens and driveway are to be preserved and managed for non-profit purposes.

In the event that these properties are not managed accordingly, the properties could revert to the Province of British Columbia in the case of the Lindsay Dickson Nature Reserve, and to the Executors of the donor's estate in the case of the Alton Nature Reserve.

7. Statement of cash flows:

A statement of cash flows has not been prepared as the cash flows are readily apparent in the accompanying financial statements.

8. Fair value of financial assets:

The carrying value of the Trust Fund's cash and short-term investments approximates their fair value due to the short period to maturity of the instruments.

9. Comparative figures:

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.



Islands Trust



Islands Trust Fund

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